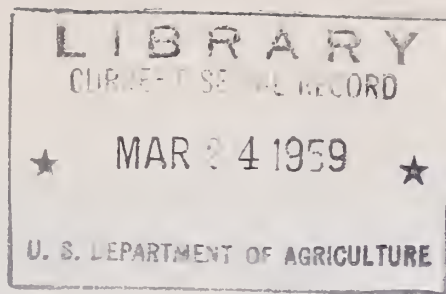


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December 1958  
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DEC. 23, P. M.

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# DEMAND and PRICE SITUATION

DPS - 48



Approved by the Outlook and Situation Board, December 17, 1958

## SUMMARY

The flow of income to consumers increased sharply in November to a new high, some 3 percent higher than in November 1957. The settlement of the major automobile industrial disputes and a broadening of the economic recovery have brought some increases in employment, higher wage rates, and a longer workweek. Thus, the consumer demand for food continues strong.

Business outlays for new plant and equipment, one of the principal sectors of weakness in the economy over the past year, are now expected to increase in early 1959, according to the recent survey conducted jointly by the Securities and Exchange Commission and the U. S. Department of Commerce. This will likely further reinforce gains in employment and incomes in the months ahead.

Since last summer, the wholesale commodity price level has remained fairly stable with increases in prices of industrial commodities offset by declines in prices of farm products and foods.

*(Continued on page 3)*

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AGRICULTURAL MARKETING SERVICE  
UNITED STATES DEPARTMENT OF AGRICULTURE

## ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1957		1958			
		Year	Nov.	Aug.	Sept.	Oct.	Nov.
Industrial production: Seasonally adj. <u>1/</u>							
Total	1947-49=100	143	139	136	137	138	141
All manufactures	do.	145	141	138	139	140	143
Durable goods	do.	160	154	144	145	145	152
Nondurable goods	do.	130	128	133	133	134	135
Minerals	do.	128	123	120	122	122	123
Construction:							
Total outlays, seasonally adjusted <u>2/</u>	Mil. dol.	48,492	4,137	4,707	4,751	4,726	4,416
Public construction	Mil. dol.	14,354	1,220	1,554	1,579	1,553	1,329
Private residential	Mil. dol.	17,019	1,472	1,708	1,732	1,753	1,709
Housing starts	Thousands	1,042	1,009	1,228	1,220	1,260	1,330
Manufacturers' sales and inventories: <u>2/</u>							
Total sales, seasonally adjusted	Mil. dol.	28,383	27,221	26,388	26,804	27,276	
Durable goods	Mil. dol.	14,159	13,548	12,385	12,723	13,013	
Unfilled orders-sales ratio <u>6/</u>		3.40	3.65	3.55	3.42	3.32	
Inventory-sales ratio <u>6/</u>		1.89	1.98	1.87	1.84	1.81	
Durable goods		2.20	2.33	2.27	2.20	2.15	
Employment and wages: <u>7/</u>							
Total civilian employment	Millions	65.0	64.9	65.4	64.6	65.3	64.7
Nonagricultural	do.	58.8	59.1	58.7	58.4	58.9	59.0
Unemployment	do.	2.9	3.2	4.7	4.1	3.8	3.8
Workweek in manufacturing	Hours	39.8	39.3	39.6	39.9	39.7	39.9
Hourly earnings in manufacturing	Dollars	2.07	2.11	2.13	2.14	2.14	2.17
Income and spending:							
Personal income payments <u>2/</u> <u>3/</u>	Bil. dol.	347.9	350.2	356.1	357.8	357.5	360.0
Consumer credit outstanding <u>1/</u>	Mil. dol.	44,776	43,530	43,217	43,238	43,164	
Automobile	Mil. dol.	15,496	15,542	14,625	14,444	14,164	
Total retail sales, seasonally adj. <u>2/</u>	Mil. dol.	16,668	16,562	16,859	16,562	16,941	17,182
Durable goods	Mil. dol.	5,705	5,606	5,214	5,095	5,374	5,578
Inventory-sales ratio <u>6/</u>		1.47	1.47	1.42	1.43	1.39	
Prices:							
Wholesale prices, all commodities <u>4/</u>	1947-49=100	118	118	119	119	119	119
Commodities other than farm and food	do.	126	126	126	126	126	127
Farm products	do.	91	92	93	93	92	92
Foods processed	do.	106	106	111	111	110	110
Consumer price index, all items <u>4/</u>	1947-49=100	120	122	124	124	124	
Food	do.	115	116	121	120	120	
Prices received by farmers <u>8/</u>	1910-14=100	242	242	251	258	252	25
Crops	do.	233	223	225	232	227	22
Livestock and products	do.	249	258	275	280	275	22
Prices paid, interest, taxes and wage rates <u>8/</u>	1910-14=100	296	298	304	305	307	3
Family living items	do.	286	289	291	290	291	3
Production items	do.	258	260	269	272	271	2
Parity ratio <u>8/</u>		82	81	83	85	82	31
Farm income and marketings: <u>8/</u>							
Volume of farm marketings	1947-49=100	116	145	131	145	178	59
Cash receipts from farm marketings	Mil. dol.	29,757	3,074	2,862	3,286	3,928	300

Annual data for most of these items for the years 1929 and 1939-57 appear on page 35 of the April 1958 issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates 4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Unfilled orders for durables divided by monthly deliveries. 6/ Inventories, book value, end of month, divided by sales. 7/ Bureau of the Census. 8/ U. S. Department of Agriculture, Agricultural Marketing Service.



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T H E   D E M A N D   A N D   P R I C E   S I T U A T I O N  
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Approved by the Outlook and Situation Board, December 17, 1958

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The uptrend in industrial prices has been reflected in higher prices paid by farmers which in mid-November was at a new record high, 3 percent above a year earlier. In recent months, prices have increased notably for motor vehicles and farm machinery. Farm wage rates have risen as well. Prices received by farmers, although declining in recent months, continue to average above a year earlier. Nevertheless, with higher cost rates, the parity ratio in mid-November at 81 (1910-14=100) was the same as in November 1957.

#### Commodity Highlights

Pigs from the sharply larger fall crop will soon be coming to market in volume and slaughter will rise above early 1958 levels. Hog prices will likely trend downward throughout this period and by spring will be considerably below a year earlier.

Heavy supplies of eggs and broilers in the next 3 months will hold average prices for these commodities substantially below the 1958 level. Egg output in the next 2 months may average as much as 5 to 7 percent above a year earlier. Recent hatchery operations indicate that at the end of February supplies of broilers will be close to 20 percent above a year earlier.

Soybean oil prices during the 1958-59 marketing year will average moderately lower than a year earlier. Soybean crushings are forecast at 375 million bushels, up about 20 million from last season.

It is estimated that the national average support price for the 1959 corn crop under the new program approved in the November 25 referendum will

be around \$1.12 to \$1.15 per bushel. There will be no restrictions on acreage planted beginning with the 1959 crop.

Supplies of oranges, tangerines and grapefruit available for use after January 1, 1959 are expected to be somewhat larger than a year earlier, when production in Florida was cut by freeze damage.

Acreage of 13 winter vegetable crops, which usually make up more than four fifths of total winter tonnage, was estimated in early December to be 5 percent larger than last year, and yields of a number of crops are expected to be higher. Prices received by growers for potatoes through this winter are expected to remain substantially below those of a year earlier. The Department of Agriculture acreage marketing guides suggest a 3 percent cut in acreage planted to spring vegetables and a 16 percent cut in acreage of potatoes for spring harvest.

Commercial demand for all but the lowest grades of this year's cotton crop has been very limited. Purchases on the 14 spot markets through December 2 totaled 4.1 million bales, 0.9 million below the comparable period of 1957.

By mid-December the average price of burley tobacco since auction markets opened November 24 was 66.8 cents per pound. The 1958 crop average will probably top the 1956 record of 63.6 cents.

#### GENERAL BUSINESS CONDITIONS

The rapid economic recovery since last spring continues. The gross national product in the last quarter of 1958 probably exceeded the record annual rate of 446 billion dollars reached in the third quarter of 1957. Consumer incomes, after declining a little in October because of work stoppages, advanced in November. Retail sales, seasonally adjusted, exceeded the previous record in the summer of 1957 as sales of new automobiles picked up. Construction outlays continued to advance in November and a recent survey of the Departments of Commerce and Labor indicate further gains in 1959. Capital spending by businessmen in early 1959 is likely to be up a little from the final quarter of 1958. Employment improved some in November but it still continues well below a year earlier, and the seasonally adjusted rate of unemployment in November at 5.9 percent of the civilian labor force, while below October, was still well above a year earlier. Industrial production rose in November spurred by rising automobile production.



Consumer Incomes  
and Retail Sales Rise

Consumer incomes in November reached an annual rate of 360 billion dollars, up  $2\frac{1}{2}$  billion from October. Personal income dropped slightly between September and October as industrial disputes in manufacturing reduced wage and salary payments. In the past month work stoppages have declined and wage and salary payments at 241.5 billion dollars in November recovered 2.5 billion from October and exceeded September by 2.1 billion. The gain between October and November reflected both higher average weekly earnings of factory workers and some improvement in employment. Unemployment compensation, social security and other transfer payments in November at 26.7 declined slightly from October, reflecting mainly a further small decline in the amount of unemployment benefit payments. Proprietors' dividends and interest income were unchanged between October and November.

Retail sales in recent months have advanced along with consumer incomes. In November retail sales totaled 17.2 billion dollars after seasonal adjustment, up about  $1\frac{1}{2}$  percent from October, 4 percent above a year earlier, and about  $5\frac{1}{2}$  percent above the lows for the year in March. Sales of durable-goods stores in November at 5.6 billion were up 4 percent from October. A large part of the improvement was in automobile sales as the new models have become available in increasing volume. In addition, there was some further improvement in furniture and appliance and lumber, building and hardware sales which in November were up 1 and 4 percent, respectively, from a year earlier. Durable good sales, were only slightly below the level reached a year earlier.

Nondurable goods sales, seasonally adjusted, declined only a little during the past year, and in November they totaled 11.6 billion dollars, up 6 percent from both a year earlier and the low in February. In November, based upon unadjusted data, all the nondurable groups were the same or above a year ago. Retail sales by service stations which continued to advance during the last year were 8 percent above November 1957. General merchandise store sales which declined moderately during the recession were up 1 percent above November 1957. Sales of the food, drug and apparel groups were about the same as a year earlier.

Construction Outlays in 1959  
Expected to Reach a New High

Outlays for new construction, after seasonal adjustment, in November continued the uptrend since May and totaled 4,346 million dollars, up 2 percent from October and 4 percent above a year earlier. The biggest gains in November were registered for private nonfarm residential dwellings and highways which were both up about a fifth from the lows for the year. New private housing starts on an annual rate basis totaled 1,330,000 in November the highest since June 1955, compared with 1,260,000 in October and about a million a year earlier.

Construction outlays in 1959 are expected to total 52 billion dollars, 7 percent above the 48.8 billion dollars indicated for 1958, according to estimates prepared by the Departments of Commerce and Labor. The physical volume of construction put in place is anticipated to increase 3 percent over the previous high in 1955. A 14 percent rise in public expenditure is expected to account for a large part of the increase in total outlays. Private construction outlays, led by residential building, are expected to be up 4 percent.

Table 1.--New construction outlays 1957, 1958 and outlook for 1959

Type of construction	Value (in million of dollars)			Percent change	
	1957	1958 Est.	1959 Est.	1957-58	1958-59
Total new construction.....	48,115	48,800	52,300	1	7
Private construction.....	33,988	33,800	35,200	- 1	4
Residential buildings (nonfarm)	17,019	17,700	19,500	4	10
Nonresidential building (nonfarm).....	9,556	8,730	8,500	- 9	- 3
Industrial.....	3,557	2,460	2,080	- 31	- 15
Commercial.....	3,564	3,550	3,630	<u>1</u> /	2
Other nonresidential buildings..	2,435	2,720	2,790	12	3
Farm construction.....	1,590	1,600	1,600	1	0
Public utilities.....	5,624	5,575	5,400	- 1	- 3
Other private.....	199	195	200	- 2	3
Public construction.....	14,127	15,000	17,100	6	14
Residential buildings.....	506	830	1,125	64	36
Nonresidential buildings.....	4,503	4,625	5,075	3	10
Military facilities.....	1,322	1,210	1,400	- 8	16
Highways.....	4,971	5,350	6,000	8	12
Sewer and water systems.....	1,344	1,390	1,520	3	9
Public service enterprises.....	393	450	690	15	53
Conservation and development.....	971	1,000	1,080	3	8
Other public.....	117	145	210	24	45

1/ Less than one-half of 1 percent.

Department of Labor and Department of Commerce.



Outlays for private residential building (nonfarm) are expected to rise about 10 percent, from 17.7 billion dollars in 1958 to 19.5 billion dollars in 1959. The outlook is for approximately 1.2 million new nonfarm dwelling units in 1959, a little more than in 1958. Also, work will continue on an unusually large number of units started in 1958 and some increase in construction costs is likely. Mortgage terms will probably be less favorable in 1959 than in 1958, as builders use up the relatively large volume of 1958 commitments for moderate cost houses with Government backed mortgages.

Other private construction is likely to decline some in 1959, primarily because of a continued reduction in outlays for industrial construction. Commercial expenditures for office buildings and warehouses will also decline, but expenditures for stores, restaurants, and garages will make more than offsetting gains. The drop in office building construction reflects the completion of many projects started during the past few years in New York City. Expenditures for private schools, churches and related buildings are expected to rise 3 percent above the 2.7 billion dollar level of 1958. Public utilities will probably decrease outlays for the second successive year from 5.6 billion dollars in 1958 to 5.4 billion dollars in 1959. Both electric power and gas expenditures will decline by 7 percent. After declining between 1957 and 1958, railroad, telephone and telegraph outlays will likely rise 8 percent and 6 percent respectively between 1958 and 1959.

Outlays of public construction of highways in 1959 are expected to rise 12 percent to 6 billion dollars. The federally financed interstate highway system, which was begun under the Highway Act of 1956 and accelerated by the 1958 Highway Act will account for all the increase in highway expenditures; State and local outlays will remain near the 1958 level. Spending for publicly owned housing in 1959 are expected to rise more than a third over 1958. Spending for schools, primarily State and local, are expected to rise to 3.0 billion, 4 percent above 1958. Substantial increases in spending are expected for hospitals, Government office buildings and other administrative and service buildings. Expenditures for sewer and water systems will probably increase by 13 percent and 4 percent respectively.

#### Capital Spending by Business Levels Out

Expenditures for new business plant and equipment in the first quarter of 1959 are expected to be at an annual rate of  $30\frac{1}{2}$  billion dollars, up a little from the 30 billion rate in the final quarter of 1958, according to the most recent survey of businessmen's intentions made between late October and early December by the Securities and Exchange Commission and the Department of Commerce and released on December 10, 1958. Capital spending for 1958 is now estimated to be about 31 billion dollars, down 17 percent from the record level of 1957. Capital spending declined about a fifth or 8 billion dollars between the third quarter of 1957 and the third quarter of 1958.



Capital spending by manufacturing firms in 1958 were down more than a fourth from 1957. In the first quarter of 1959 business plans call for a slight pickup in durable goods spending from the second half of 1958, with a little change in the nondurable goods industries. The small increase for durable goods during the first quarter is due to increased plans of building material suppliers, nonferrous metal and transportation equipment producers. Among nondurable goods producers, the chemical industry has scheduled a higher rate of spending in early 1959, with small offsetting declines for other groups.

Table 2.—Expenditures for new plant and equipment by United States business for 1957-59 and by quarters for 1958-59  
seasonally adjusted at annual rates

Item	:	:	:	1958				:	1959					
	:	1957	:	1958	:	Jan.-	:	Apr.-	:	July-	:	Oct.-	:	Jan.-
	:	:	:	:	:	Mar.	:	June	:	Sept.	:	Dec.	:	Mar. 1/
	:	Bil.	:	Bil.	:	Bil.	:	Bil.	:	Bil.	:	Bil.	:	Bil.
	:	<u>dol.</u>	:	<u>dol.</u>	:	<u>dol.</u>	:	<u>dol.</u>	:	<u>dol.</u>	:	<u>dol.</u>	:	<u>dol.</u>
Manufacturing.....	:	15.96	:	11.50	:	13.20	:	11.53	:	10.86	:	10.79	:	11.06
Durable goods	:		:		:		:		:		:		:	
industries.....	:	8.02	:	5.54	:	6.58	:	5.57	:	5.16	:	5.11	:	5.35
Nondurable goods	:		:		:		:		:		:		:	
industries.....	:	7.94	:	5.96	:	6.62	:	5.96	:	5.70	:	5.68	:	5.71
	:		:		:		:		:		:		:	
Mining.....	:	1.24	:	.92	:	1.00	:	.92	:	.88	:	.91	:	.84
Railroad.....	:	1.40	:	.76	:	1.02	:	.77	:	.63	:	.59	:	.54
Transportation other	:		:		:		:		:		:		:	
than rail.....	:	1.77	:	1.50	:	1.69	:	1.40	:	1.29	:	1.64	:	1.72
Public utilities.....	:	6.20	:	6.10	:	5.87	:	5.97	:	6.10	:	6.32	:	6.41
Commercial and other..	:	10.40	:	9.74	:	9.63	:	9.73	:	9.85	:	9.68	:	9.94
	:		:		:		:		:		:		:	
Total.....	:	36.96	:	30.53	:	32.41	:	30.32	:	29.61	:	29.93	:	30.51
	:		:		:		:		:		:		:	

1/ Estimates.

Note: Detail may not add to totals due to rounding.

Securities and Exchange Commission and U. S. Department of Commerce.

Expenditures by nonmanufacturing industries are expected to rise about a half a billion dollars between the third quarter of 1958 and the first quarter of 1959. Increased spending by gas utilities, airlines for jet aircraft and retail and construction firms of the commercial group were largely responsible for the pickup in spending plans. Further declines are indicated for the mining and railroad group.



A preliminary survey conducted by McGraw-Hill Publishing Company released November 7, 1958 indicates that outlays on new plant and equipment in 1959 will be approximately the same as in 1958. These preliminary plans, based upon experience gained from previous surveys are likely to be revised upward as final budgets are completed. Even with the recovery in production in recent months, many industries still have substantial excess capacity which will tend to hold down new capital spending in 1959. A small drop is now indicated in manufacturing industries with a counterbalancing increase in the nonmanufacturing sector.

Employment Rises;  
Unemployment Down  
But Still Above Year Ago

The rise in employment since last spring has been less than the recovery in industrial production, or national output and income. Civilian employment at 64.7 million in November declined less than the usual seasonal amount from October, but it was still 220,000 below a year earlier.

Nonagricultural employment, which normally expands between October and November, totaled 59 million, up slightly from October and about 100,000 below November 1957. Manufacturing employment, after seasonal adjustment, gained 230,000 to 15.6 million, practically all in the durable goods industries, with large gains in autos as volume production began on the new models, but there were also gains in primary metals, electrical machinery and related industries. Changes in employment in nonmanufacturing industries were largely seasonal between October and November. Employment in contract construction declined, while retail trade picked up as workers were added to serve Christmas shoppers.

Employment on farms, which normally declines during the closing months of the year, in November totaled 6.8 million according to the Crop Reporting Board for the week of November 23-29. This was down about a fifth from October but up a little from a year earlier. The index of number of family workers, after seasonal adjustment, declined about 2 percent over the past year and the number of hired workers was up about 5 percent.

Labor market conditions improved gradually during the autumn, according to the most recent survey of the U. S. Bureau of Employment Security of the Department of Labor and affiliated State employment security agencies. Employer hiring plans indicate a seasonal decline early in 1959, in construction and outdoor work as well as post-Christmas reductions in trade and post offices following the modest increase this fall. At the same time, more than seasonal increases are likely for some important durable goods industries, including auto, steel and farm machinery firms.

The level of unemployment has declined moderately since summer and is still above year earlier levels. Unemployment totaled 3.8 million in November,



about the same as October and 3.2 million in November 1957 when unemployment began to rise as a result of the recent recession. The seasonally adjusted rate of unemployment in November declined to 5.9 percent of the civilian labor force compared with 7.1 in October and the high for the year of 7.6 in August. A year ago it was 4.9 percent.

Wage and salary payments in November reflected an improvement in average weekly hours and wage rates of factory workers. Average weekly hours rose in November to 39.9 largely as the result of the resumption of work at plants which were strike bound in the previous month. With an increase in average hourly earnings to \$2.17, average weekly earnings of factory workers at \$86.58 were up \$1.62 from October and \$3.66 from a year earlier.

#### Manufacturers' Sales and New Orders Up:

##### Inventories Unchanged

Manufacturers' sales and new orders continued to rise in October. Manufacturers' sales totaled 27.3 billion dollars in October, up 9.3 percent from the low of 24.9 billion in April, but sales were about 2.8 percent below a year earlier. Most of the rise in sales was due to an increase in deliveries of new motor vehicles. New orders also rose in October to 27.9 billion dollars, up 3 percent from September and 16 percent from the February lows. The rise in new orders during October was centered in durable goods industries, particularly in the transportation equipment group (including automobiles). New orders also increased for nonferrous metals and building materials but those of the machinery industries decreased. After declining substantially over the past year unfilled orders have changed little in recent months.

#### Inventory Liquidation

##### Reduced in October

The book value of manufacturing and trade inventories at the end of October totaled 84.8 billion dollars, seasonally adjusted, down about 6 billion from a year earlier. With an improvement in sales and some further liquidation in inventories, the stock-sales ratio was reduced to 1.5 months in October compared with 1.6 months a year earlier. The decline in inventories during October was centered in retail trade which at 23.5 billion dollars while down 210 million dollars from September but only 340 million below a year ago. Sizable declines in stocks of automobile dealers, as well as minor reductions in most other groups more than offset moderate gains for general merchandise stores. Most of the reductions in inventories during the past year has been by firms manufacturing durable goods. Manufacturers' inventory book values at the end of October totaled 49.3 billion dollars, the same as September and about 5 billion dollars below a year earlier. The small further decline in durable goods industries was offset by increases in nondurable goods firms.



Factory Production Climbs

Industrial production has recovered rapidly from the spring lows but the index at 141 (1947-49=100) in November while up 12 percent from April was still 3 percent below August 1957. The output of durable goods which declined the most over the past year, was still below the earlier peak, but nondurable goods production was at a new high.

The index of durable goods production in November at 152 (1947-49=100), was up 5 percent from October but down about  $1\frac{1}{2}$  percent from a year earlier. Automobile production in November totaled about 505,000 units, nearly double the low October output, and the highest of any month this year, but still 14 percent below November 1957. The index of consumer durable output reached 131, up 22 percent from October, about  $2\frac{1}{2}$  percent above a year earlier, due mainly to the pickup in autos. Steel production which advanced from a little less than half of capacity in April recovered rapidly to about three quarters of capacity in October and November. The index of primary metals output at 127 was up 3 percent in October, and 5 percent above a year earlier. There were small increases in the output of the machinery, fabricated metal and clay glass and lumber groups.

Nondurable goods production reached a new record in November up 1 point to 135 (1947-49=100) and 5 percent above a year earlier. Further small gains were recorded for the chemical, rubber, textile and petroleum industries, while output of foods was unchanged.

Prices Stable This Fall

Most of the general indexes which measure price changes have been relatively stable in recent months. Prices received by farmers declined a little between October 15 and November 15. With some increases in the index in prices paid by farmers, including interest, taxes and farm wage rates, the parity ratio reached 81, the lowest for 1958, but the same as in November of the 3 preceding years. Wholesale prices in recent months have shown little change with declines in farm product and processed food prices about offsetting small increases in industrial prices. At retail, prices paid by farmers for family living items rose slightly from October 15 to November 15, while urban consumer prices since August have been steady.

The index of prices received by farmers during the month ending November 15 declined 1 point to 251 percent of its 1910-14 average. Meat animal prices declined 4 points to 326, but were 18 percent above November 1957. Average prices received for hogs, sheep and lambs were lower; cattle prices were unchanged and calves were up a little. Lower prices for oranges grapefruit and pears more than offset increases for apples and lemons and the fruit index declined 7 percent to 227 in November. This compared with 187 a year earlier. Feed grain prices declined 5 percent to 145, as average prices for corn were off 10 cents a bushel. Cotton prices averaged about 2.5 percent lower than in October reflecting a slightly lower grade and shorter staple of current sales. Potato prices rose 13 cents to \$1.15 per cwt. in November,



the first increase since July. Vegetable prices climbed seasonally and the index, at 245, was up 17 percent from October and 5 percent above a year earlier.

The index of prices paid for farm production items increased 1 point to 272 (1910-14=100) on November 15. Lower prices paid for feed, motor supplies, and feeder lambs and pigs were more than offset by higher prices for automobiles and feeder cattle. The motor vehicle index, rose 3 percent during the month to 434, and reached a new high. Price tags for 1959 models were generally higher than comparable 1958 models. Prices for feed continued to decline in November, but the index, at 195, was slightly above November 1957. Prices paid by farmers for feeder and replacement livestock rose slightly and at 396 were 22 percent higher than a year earlier.

Prices paid by farmers for family living items advanced to 293 (1910-14=100) in the month ended November 15, up from 291 in the previous month as a result of higher prices for new and used cars, clothing, food and building materials. The index was a fraction below the all-time peak of last May, but about 1 percent above November 1957. Food prices on November 15 were slightly above a month earlier and 3 percent above a year earlier. A general rise in most food items more than offset sharply lower prices for citrus fruit and the substantial declines in pork products.

Urban consumer prices in October were unchanged from the August-September level of 123.7 (1947-49=100), as lower food prices offset rises in most other groups. The index in October was about 2 percent above a year ago. Food prices, after climbing rapidly during the first 7 months of 1958, have declined for three successive months to 119.7 in October. This was 1.6 percent below July but 2.8 percent above a year earlier. Most of the decline between September and October was due to lower prices for eggs, pork, poultry, and apples. Advances in nonfood groups, particularly higher car prices and medical care costs offset lower food prices.

The index of wholesale prices in November at 119.2 (1947-49=100), was up fractionally from October and about 1 percent above a year earlier. Farm product prices declined a little over the month; the index at 92.1 was about the same as in November 1957. Processed food prices also averaged a little lower in November. Industrial prices rose for the fifth successive month and the index at 126.8 was up about 1 percent from the summer low. Machinery and related products increased 1 percent between October and November reflecting higher prices for passenger cars and trucks of more than 2 percent. Metal and hide and leather products also advanced.



## FARM INCOME

Cash receipts from farm marketings in the first 11 months of 1958 totaled approximately 30.1 billion dollars, up 12 percent from the corresponding months of 1957. Average prices and volume of marketings were both about 6 percent above last year. Receipts from livestock and products of 17.3 billion dollars were up 10 percent, due mostly to higher prices of cattle, hogs and eggs. Crop receipts were 12.8 billion dollars, 16 percent more than in the corresponding period of 1957, chiefly because of larger marketings. There were noteworthy increases in receipts from wheat, cotton, soybeans, and sorghum grain.

Farmers received about 3.5 billion dollars from marketings in November, 12 percent more than in November 1957. Prices averaged 4 percent higher than a year ago, and marketings were up 8 percent. Receipts from livestock and products of 1.7 billion dollars were about 6 percent above last year, with cattle and hogs showing the largest gains. Crop receipts of about 1.8 billion dollars were up 19 percent, mostly because of larger marketings, especially of cotton.

## LIVESTOCK AND MEAT

Livestock slaughter and meat production may average above a year earlier during the next few months. Most of the gain will be in hogs. Slaughter of fed cattle also may be up a bit, but calf slaughter will continue at a reduced level. A somewhat larger sheep and lamb slaughter than a year ago also is probable.

Hog slaughter is likely to be substantially above a year earlier by spring, and will continue so through the year. Slaughter of cattle, calves, sheep and lambs, on the other hand, will not be much larger in 1959 than 1958. Increases in production, stimulated by good pastures, ample forage supplies and relatively favorable prices in 1958 are now underway for these classes. However, corresponding gains in slaughter are not expected until some later year.

Market supplies of fed cattle this winter probably will be a little larger than last, but grass cattle slaughter will continue relatively small. The number of cattle and calves on feed October 1 in 13 major feeding States was 12 percent above a year earlier. Marketings and placements since then indicate the number on feed January 1 will exceed last January. Some seasonal declines in fed cattle prices appear likely during the period of heavy marketings this winter. In recent months slaughter weights have been setting new highs for this time of year. They may continue high this winter, and heavy animals will continue to be subject to considerable price discounts.

Hog slaughter lagged behind a year earlier in much of November. However, 5-6 pound heavier average live weights held pork production relatively close to 1957 output. Pigs from the sharply larger fall crop soon will be coming to market in volume and slaughter will rise above early 1958 levels.



Hog prices will likely trend downward throughout this period and by spring will be considerably below a year earlier. The Pig Crop Report released by the Department of Agriculture on December 23 reports the official estimate of the fall pig crop and farrowing intentions for 1959 spring pigs.

The number of sheep and lambs on feed for the winter and early spring market is expected to exceed that of the last 3 years. As the lamb crop was up 4 percent, slaughter during the coming months will be up slightly. Increased marketings of lambs plus larger fed cattle supplies may prevent some of the normal seasonal uptrend in lamb prices this winter.

#### DAIRY PRODUCTS

Production of milk has turned up seasonally. Wholesale prices for American cheese and dry whole milk lost much of the increases of September and early October, but butter prices have recently turned upward again after declining previously. Prices to farmers currently are lower than a year earlier, though by less than the reduction in support levels for manufacturing milk and butterfat.

Prices to farmers for manufacturing milk and butterfat will show little change through at least the first quarter of 1959. The support level for the marketing year beginning April 1, 1959 will be announced some time before that date. The support level for this year is 75 percent of parity, the lowest permitted by present legislation. However, prices to farmers have been moderately above the announced support levels for both manufacturing milk and butterfat. The average prices received by farmers for all milk from April through December 1958 was 12 cents per hundredweight lower than a year earlier. The average for the year as a whole will be about \$4.13 for all milk, compared with \$4.20 per hundredweight in 1957.

Production of milk rose slightly above a year earlier in October and November, after running lower in the preceding 5 months. For 1958 as a whole, production will fall a little short of the record 126.4 billion pounds produced in 1957. The number of milk cows in 1959 probably will not decline as sharply as in 1958, and the rate per cow probably will increase to a new record high, giving some increase in total milk output next year.

The quantity of milk used in factory products decreased slightly this year. This was due to the fact that total use of fluid milk probably at least equalled 1957, while milk production declined slightly. Production of all factory items was down from 1957 except "other" cheese, ice cream and nonfat dry milk. American cheese showed a little greater percentage reduction than butter, but in terms of milk used, butter accounted for a larger reduction. Cheese output first dropped under 1957 in late January and butter in early April. Cheese rose above a year earlier beginning in September, but butter output continued lower through November.



Cheese consumption from commercial sources increased sharply this year, and private stocks also rose. With cheese production smaller, purchases of cheese for price support so far in the 1958-59 marketing year are down from last year. Purchases of butter by the CCC for price support are down by about the same amount as production. Butter and cheese purchased combined in the first 8 months of this marketing year were equivalent to 2.3 billion pounds of milk, fat solids basis, compared with 4.5 billion a year earlier. Purchases of nonfat dry milk, on the other hand, are running a little larger this year.

Marketings of milk and butterfat by farmers increased a little in 1958, despite the downturn in production, as a result of a further decline in use of milk on farms. But with prices averaging about 2 percent under 1957, cash receipts from the sale of dairy products for 1958 as a whole will be down about 1 percent from the record \$4.6 billion of 1957.

Retail prices of the principal dairy items except butter have been equal to or above a year earlier, but with wider gross farm-to-retail margins average prices to farmers for milk and butterfat are lower.

#### POULTRY AND EGGS

Heavy supplies of eggs and broilers in the first quarter of next year will hold average prices for these two commodities substantially below the 1958 level. Turkeys also will be more plentiful than in January-March 1958, and prices are not likely to duplicate the rise of last March.

Egg prices to farmers dropped below last year's level in mid-October. Since then they have fallen further under 1957. In mid-November, the nation's farmers received an average of 38.3 cents per dozen, compared to 45.4 cents at the same time last year. From mid-November to early December, egg prices paid to Iowa producers for Grade A large eggs had declined by 8 cents to 30 cents per dozen. This compares with prices in the mid-thirties during the first part of December 1957.

Egg production in the next 2 months will be boosted by increases in the number of layers and by a prospective record rate of lay. Output may average as much as 5 to 7 percent above a year earlier.

Broiler prices have remained below 1957 since July. In mid-November farmers received an average of 15.9 cents per pound, slightly higher than a month earlier, but 1 cent less than a year ago. In early December, "mostly" prices in major broiler areas ranged between 14 and 15 cents per pound.

Recent hatchery operations indicate that at the end of February supplies of broilers will be close to 20 percent above a year earlier compared with an increase of almost 15 percent in late December.

Turkey producers received higher prices from March through October, than in 1957. In mid-November, prices averaged 23.1 cents per pound, compared with 23.5 cents a year earlier. Part of the turkeys produced from the large late poult hatch in 1958 will be marketed in early 1959 and will hold storage stocks at near record levels, season of the year considered.

On January 1, 1959 the Poultry Products Inspection Act will become fully effective, providing for the mandatory Federal inspection during processing of practically all poultry sold in interstate commerce.

#### OILSEEDS, FATS AND OILS

Prices received by farmers for 1958-crop soybeans averaged \$1.91 per bushel in October-November, the lowest in 15 years, reflecting output well in excess of probable total market outlets. The 1958 season average price is estimated at \$1.97 per bushel, 10 cents below last year and the lowest since 1943. Farmers are storing a record volume of soybeans which has prevented prices from dropping further below the support rate of \$2.09 per bushel.

The 1958-59 supply of soybeans is placed at 596 million bushels, 102 million more than last year's peak. Soybean crushings, based primarily on projected requirements for soybean meal, are forecast at 375 million bushels. This is about 20 million more than last season, and well within the estimated 425 million bushel capacity of the industry. The level of soybean crush could be affected by CCC's policy, not yet announced, with respect to the disposition of any cottonseed oil acquired under the support program. A bean crush of 375 million bushels would produce more oil than needed for domestic use, and a substantially larger quantity than last year would be available for export or carryover stocks.

Present indications are that soybean oil prices during the 1958-59 marketing year will average moderately lower than a year earlier. Soybean meal prices are expected to be relatively more stable in 1958-59 than in 1957-58. They probably will average a little higher this fall and winter than last, but they are not expected to advance as sharply later in the feeding year as they did in 1957-58.

Soybean exports in 1958-59, are expected to continue the uptrend of recent years. They are forecast at 90 million bushels, up about 4 million from last season. If estimated seed and feed requirements are about the same as last year, carryover stocks of soybeans on October 1, 1959 would be a record 100 million bushels, compared with 21 million this year. Next summer, CCC probably will again be a supplier of beans and will own a substantial part of the carryout of old crop beans next October 1.



Cottonseed production in 1958 is placed at 4,788,000 tons, nearly 4 percent more than a year ago. The 1958 season average price is \$44 per ton, slightly above the support price of \$41 per ton (CCC purchase price to producers, basis grade, 100) but about \$7 below last year. Farm prices in some areas of the Southwest dropped below support this fall. CCC will acquire about 183 million pounds of cottonseed oil (crude basis) through arrangements whereby crushers took the seed at support and delivered oil to CCC on a competitive bid basis. The volume of oil acquired by CCC under the program is equal to about 12 percent of the estimated 1958-59 cotton oil output. Cottonseed oil prices in 1958-59 are expected to average somewhat lower than last year.

Lard output in 1958-59 is currently forecast at 2,700 million pounds, up over 250 million pounds from last year. Hog slaughter will rise and a slightly higher lard yield per hog killed is expected. Lard prices in 1958-59 probably will average a little lower than a year earlier. Exports may rise slightly from the relatively small outward movement last year.

The 1958 peanut crop is placed at 1,865 million pounds compared with 1,436 million in 1957. The 1958 crop will provide a large surplus of peanuts above food and farm uses and CCC will acquire the excess under the support program. The 1958 season average price is estimated at 10.6 cents per pound compared with 10.4 cents last year. Bigger supplies of peanuts available in 1958-59 along with relatively low prices is encouraging a continuing increase in consumption for edible uses. Nevertheless, diversion of CCC peanuts into crushing and export channels will again be heavy during the 1958-59 marketing year.

Inedible tallow and grease output in 1958-59 is forecast at 2,825 million pounds, about 4 percent above a year earlier. The rise will reflect mainly a prospective 9 percent increase in hog slaughter, as cattle slaughter is expected to continue near the 1957-58 rate. Current prospects indicate inedible tallow prices in 1958-59 may average a little lower than last year. The strength of export demand will be an important price-making factor as little change in domestic disappearance is expected.

#### FEED

Demand for feed has been comparatively strong this year. Even though supplies are record large, prices of feed grains in early December averaged close to those of a year ago, while high-protein feeds were about 20 percent higher. Generally favorable returns from livestock feeding and continued good demand for commercially prepared feeds have bolstered the demand for feed ingredients. Also the corn and sorghum grain crops are of much better quality than last year. This helped maintain prices even though supports are a little lower.



Corn prices at Chicago have advanced in recent weeks as marketings by farmers have been comparatively small. The price of No. 3 Yellow corn averaged \$1.19 per bushel for the week ended December 12, 13 cents higher than the seasonal low level reached the last week in October. Corn prices at Chicago are now near last year's level and are expected to continue at least as high as a year ago during January and February when corn prices last year were depressed by heavy marketings of high moisture corn. With another bumper crop of sorghum grain, prices this fall again dropped below the support level although the mid-November average of \$1.63 per 100 pounds was 15 percent higher than a year earlier.

The total supply of feed grains and other concentrates for 1958-59 is estimated at 246 million tons on the basis of the December crop report, about 12 percent larger than last year and one-third above the 1952-56 average. Total feed grain production this year, estimated in December at 158 million tons, exceeds the previous record of last year by 15 million tons. The crop is expected to be much larger than total utilization and the carryover of feed grains is expected to increase from 59 million tons at the beginning of the 1958-59 marketing year to a little over 75 million tons at the close of the year. The corn supply for 1958-59 is now estimated at 5,268 million bushels more than 400 million bushels larger than last year and more than a billion bushels above the 5 year average. A record carryover of around 1,850 million bushels is in prospect for next October 1. Carryover stocks of each of the other three feed grains also are expected to set new records in 1959.

In the November 25 referendum about 71 percent of the corn producers in the commercial area voted in favor of the new feed grain program as provided for in the Agricultural Act of 1958. Under the new program the commercial corn area will not be established and there will be no acreage allotments in 1959 and later years. Price supports for all producers will be based on 90 percent of the average price received by producers for the 3 preceding calendar years, but not less than 65 percent of parity. It is estimated that the national average support for the 1959 crop will be around \$1.12 to \$1.15 per bushel.

#### WHEAT

Cash wheat prices on December 17 were near the high for the season to date, with prices at Portland and Minneapolis up 9 and 13 cents, respectively, and those at Kansas City and St. Louis around 24 cents above the lows of the year.

On December 17, prices of No. 1 Dark Northern Spring wheat ordinary protein, at Minneapolis, at \$2.07 and No. 2 Soft Red Winter at St. Louis, at \$2.01, were about 8 cents below their effective support levels. The price of No. 2 Hard Winter, ordinary protein, at Kansas City, at \$1.95, was 14 cents below the effective support. **The prices of 13 percent protein wheat at Kansas City and Minneapolis were about equal to or slightly below the effective support,** while the price of No. 1 Soft White at Portland, at \$2.03, was 3 cents above the effective support.



Prices to growers advanced each month since August when they averaged \$1.64. They were \$1.69 in mid-September, \$1.73 in mid-October and \$1.74 in mid-November. Terminal prices on December 17 generally were about unchanged to slightly lower than in mid-November.

Through November 30, growers had placed 472.1 million bushels of 1958-crop wheat under price support and purchase agreements. Previous to the 1958 crop, the largest quantity of wheat placed under support in any year was from the 1953 crop, of which 407.7 million bushels had been placed under the programs by November 15, 1953 and 431.0 million by December 15, 1953.

Supplies of wheat for the marketing year which began July 1, 1958 total a record 2,352 million bushels, over 300 million bushels above the previous record in 1956-57. Total supplies include the carryover of 880 million bushels, the crop estimated at 1,462 million bushels and probable imports of about 10 million bushels, mostly of feeding quality and seed wheat.

Domestic disappearance for 1958-59 is estimated at 610 million bushels, slightly above 1957-58. Exports are estimated at 430 million bushels, compared with 402 million a year earlier. The carryover July 1, 1959 is expected to total about 1,310 million bushels, about 430 million above a year earlier. The carryover July 1, 1958 of 880 million bushels had been reduced each year from 1,036 million in 1955.

#### RICE

In the referendum held on December 15, producers approved rice quotas by an 87 percent vote, according to preliminary reports. This is more than the required two-thirds vote of the producers voting, so quotas will be in effect for the 1959 crop. It is estimated that about 1.60 million acres will be harvested in 1959. Assuming a yield of 32 cwt. (the 1955-58 average was 31.8 cwt.) on 1.6 million acres, a crop of 51.2 million cwt. would be produced. A crop of this size added to the estimated August 1, 1959 carryover of 11.8 million cwt. and imports of 0.2 million, would make a total supply of 63.2 million cwt.

Domestic disappearance for the 1959-60 marketing year is estimated at 26.7 million cwt., slightly above that for the current year. This would require exports of more than 24.7 million cwt. to reduce the carryover on July 31, 1960. Exports of around 25 million cwt. would be below the 27 million cwt. estimated for 1958-59 but above the 1952-56 average of 23.7 million cwt.

The price support level for 1959-crop rice was set at 75 percent of parity on November 28. This percent is a continuation of the 75 percent level in effect for 1958-crop rice, when the national average support price to producers was \$4.48 per cwt.

A payment-in-kind export program similar in principle to ones now in effect for wheat, feed grains and cotton was extended to rice, effective December 15, 1958.



Under the new rice export program, exporters, upon proof of exportation, will be issued a payment-in-kind certificate. The certificates will be redeemable in rough rice or in stocks of five grains--barley, corn, grain sorghum, oats and rye--available in the Commodity Credit Corporation inventory. As in the other payment-in-kind programs, the certificates will be expressed in dollar totals equal to the export payment rate times the quantity of rice exported. With the new export program in effect for rice, the Department will discontinue sales of rice from CCC stocks for export except under barter, CCC credit programs and emergency conditions.

### FRUIT

Indicated production of oranges and grapefruit in 1958-59 is moderately larger than the crops harvested in 1957-58, but somewhat smaller than the volume in prospect before the freeze last winter. Both fresh market shipments and movement to processors have been considerably smaller this fall than last, partly because of delayed maturity of the Florida crops. Prices for Florida oranges and grapefruit at shipping points and on the principal auctions have continued much higher than last fall. Likewise, auction prices for California oranges have averaged considerably above a year earlier.

Supplies of oranges, tangerines and grapefruit available for use after January 1, 1959 are expected to be somewhat larger than a year earlier, when production in Florida was cut by freeze damage. Although demand for both fresh use and for processing is expected to remain strong, prices are not likely to average above those of the first half of 1958, when they rose sharply. Supplies of California lemons for use after January 1 may be much the same as a year earlier. In early December auction prices were a little above a year earlier.

Utilization of Florida oranges for processing by December 6 of the 1958-59 season was only about half the quantity used to the same time in 1957-58. Use of grapefruit was about two-thirds that of a year earlier. Most of this early-season use went into the making of canned juice. Output of canned single-strength citrus juices was less than half that of a year earlier. With movement about equal to production and carryover stocks held by packers about 45 percent lighter than last fall, stocks on December 1, 1958 were down about 52 percent. A light volume of frozen orange concentrate was packed during the third week of November to start the 1958-59 season. Stocks on December 1 were 42 percent smaller than a year earlier, the lightest for several years for that date. Output of both canned and frozen citrus juices should increase rapidly after January 1.



After declining during summer and early fall to a seasonally low point in mid-October, prices received by growers for apples, on a national average basis, increased moderately by mid-November to a level a little above a year earlier. Prices for most of the principal varieties at important shipping points tended to increase further during late November, and early December.

Stocks of pears in cold storage on December 1 were about 3 million bushels, 4 percent smaller than a year earlier according to the Cold Storage Report of U. S. D. A. During November, as sales of D'Anjou pears on the principal auctions increased, prices declined. In contrast, prices increased for the Bosc variety, of which the level of sales did not change greatly. Auction prices for all winter pears combined averaged a little lower for the first two weeks of December than for this period in 1957.

Cold storage stocks of grapes on December 1, 1958 were 9 percent smaller than a year earlier. This was the result mainly of retarded into-storage movement of the Emperor variety during early fall to await improved coloring and of the abrupt end to this movement in mid-November because of killing frosts. Prices for this variety at shipping points in California increased sharply after mid-November, and for the first week of December averaged moderately higher than a year earlier.

With the bulk of the heavier 1958 crop of cranberries showing large-sized berries and of good color, prices on the New York and Chicago wholesale markets in early December were not greatly different from a year earlier.

#### COMMERCIAL VEGETABLES

##### For Fresh Market

Indications are that vegetables for fresh market will be in somewhat larger supply this winter than last, when freezes and excessive rains took a heavy toll of winter crops, particularly in Florida. Acreage estimates are now available for 13 winter crops which usually make up more than four-fifths of total winter tonnage. Reported acreage of these crops, in early December, was 5 percent larger than last year. Barring severe weather damage, yields of a number of important vegetables are also expected to be higher than a year earlier. Thus, total winter production is likely to be substantially larger than the relatively light production of last winter. Among major items, December 1 estimates indicate materially larger winter supplies of celery, and moderately larger supplies of lettuce. But supplies of a number of other items, including cabbage, sweet corn, cucumbers, green peppers, and tomatoes are also likely to be substantially larger than the light supplies of a year earlier. Some items including artichokes, beets and cauliflower promise to be in smaller supply. If the larger overall supplies materialize, prices received by farmers will average much below the very high levels of last winter.



The Department of Agriculture acreage marketing guide, released in December, suggests a 3 percent cut from last year in acreage planted to vegetables for spring harvest. Should planted acreage be near that recommended, average yields would result in a production about in line with that of last spring.

#### For Processing

Supplies of canned vegetables available for distribution into mid-1959 appear to be a little larger than last year, and substantially larger than the 1949-56 average. Among major items, supplies of green peas are moderately larger than a year earlier, and indications are that tomatoes and most tomato products are in materially heavier supply. Snap beans are probably up somewhat. On the other hand supplies of canned corn are substantially lighter than the heavy supplies of a year earlier, and asparagus, beets and lima beans probably somewhat lighter. Stocks of frozen vegetables, although moderately smaller than a year ago, are above the 1953-57 average, and for most items appear ample. With higher processing costs for some items and generally higher distribution costs, retail prices of most processed items in the first half of 1959 are expected to average a little higher than a year earlier.

#### POTATOES AND SWEETPOTATOES

Prospects are for continued heavy supplies of potatoes through the winter. Although the winter crop, in California and Florida, is expected to be down 16 percent from last year, heavy supplies are available from the large fall crop. Prices received by farmers in November averaged \$1.15 per hundredweight compared with \$1.65 in November 1957. Through December 13, about 10.1 million hundredweight of potatoes had been diverted to starch, flour or livestock feed under the USDA potato diversion program. This was about 4.1 million hundredweight more than diverted to the same date last year. Nevertheless, supplies available for regular market channels remain heavy, and prices received by growers this winter are expected to remain below those of a year earlier. Planting intentions reports indicate a 19 percent cut from 1958, in acreage of early spring potatoes. The intentions report for the important late spring crop will be released January 9.

Production of sweetpotatoes in 1958 was about the same as in 1957. However, prices during most of the early part of the season have averaged a little below those for the comparable weeks of 1957. Prices are expected to advance seasonally this winter, but probably will average below year earlier levels.

#### COTTON

The supply of cotton in the United States during the 1958-59 season is estimated at 20.4 million bales. This is the lowest since 1952, and 2.0 million bales below the previous season. The lower total compared with



last year results from a decline in the carryover of 2.6 million bales. The 1958 crop is estimated at 11.5 million running bales, .6 million above 1957. Imports will total around 140,000 bales, about the same as last year.

Disappearance in 1958-59 is expected to total about  $12\frac{1}{4}$  million bales,  $1\frac{1}{2}$  million below 1957-58. This estimate assumes that exports during 1958-59 will total around 4 million bales or 30 percent below last season. Recent data indicate that a downward revision of this export estimate may be necessary. Some rise in mill consumption--to about  $8\frac{1}{4}$  million bales--appears likely in view of the pick-up in general business conditions. Total disappearance is expected to exceed the 1958 crop, and a further small decline in the carryover appears likely unless pre-season ginnings are unusually large.

Ginnings from the 1958 crop totaled 10.2 million bales through November 30. The proportion of Middling cotton in the ginnings is the highest since 1948 and the grade of ginnings highest since 1952-53. Commercial demand for all but the lower grades has been very limited. Purchases on the 14 spot markets through December 2 totaled 4.1 million bales, .9 million below the comparable period of 1957. Net loan entries through December 5 totaled 3.8 million bales.

The relatively large loan entries reflected the weakness in market prices. Prices on the 14 spot markets on December 16 reached the lowest point of the season and the lowest since mid-November 1957. At 34.35 cents for Middling 1" they were .40 cent below a month ago and 1.0 cent below the loan rate at these markets. Prices received by farmers in November declined seasonally and averaged 32.38 cents. This was .88 cent below the previous month but 1.25 cents above a year ago.

The daily rate of mill consumption in October was 33,335 bales. This was the first month since May 1956 that the daily rate was higher than for the corresponding month of the previous year. Total consumption for the first quarter at 2.1 million bales is still slightly below August-October 1957. The recent increase in consumption was accompanied by a reduction in mill stocks, which declined by 260,000 bales between August 1 and December 1, 1958.

Exports through October totaled 602,000 bales, nearly 48 percent below a year ago. According to private estimates exports remained well below 1957 through the first week in December. As of December 8 CCC sales for export during the current season totaled 1.8 million bales, about half the amount sold by this date last year for export during 1957-58. An additional 204,000 bales were registered under the payment-in-kind export program through December 8. These two programs will account for virtually all cotton exported during the current year. Such cotton will also receive additional assistance in the form of government financing. U. S. Government funds made available through December 1 would finance the export of about 1.6 million bales.

Cotton growers overwhelmingly approved marketing quotas for the 1959 crops of upland and extra-long staple cotton. No later than January 31, the Secretary of Agriculture will announce final price support levels for upland



cotton for operators planting within their base allotments (Choice A) and for those choosing to plant up to 40 percent over their base allotments (Choice B).

### WOOL

World demand for wool eased a little late in November, and as a result prices of most wools abroad early in December were slightly lower than a month earlier. Boston quotations for most domestic wools were the same as to slightly higher than a month earlier. Prices received by domestic growers averaged 36.1 cents per pound, grease basis, in November, 0.2 cents higher than in October.

Prices of some types and deniers of Dacron and Orlon were lowered effective this month. Price reductions for those most competitive with apparel wool range from 2 to 10 cents per pound. The reductions brought prices for these types and deniers to levels ranging from 24 to 38 percent lower than they were when these fibers were introduced a few years ago.

During the third quarter, aggregate mill use of wool (apparel and carpet) in the 10 countries which report quarterly to the Commonwealth Economic Committee was down 9 percent from a year earlier. This was the sixth quarter in a row to show a reduction. Consumption in the United States was about the same, but the total for the other 9 countries was down 14 percent. The decline may have bottomed out because the seasonally adjusted rate was up slightly from the second quarter.

The average weekly rate of domestic mill use of apparel wool during October was 16 percent above a year earlier, the first increase since December 1956. However, due to the relatively low rate of consumption early in the year, the total for the first 10 months was 16 percent or 34 million pounds, scoured basis, below a year earlier. Use of carpet wool was above a year earlier for the third month in a row. Nevertheless, as for apparel wool, the 10-month total was considerably lower than last year.

During January-September imports of dutiable wool for consumption were down 18 million pounds, clean content, or 28 percent. Imports of duty-free wool were down 23 million pounds or 24 percent. These reductions reflect lower mill use.

### TOBACCO

Burley auction markets opened November 24 and by mid-December, the volume marketed was 344 million pounds--averaging 66.8 cents per pound. This exceeded the price average for the comparable period of last season by more than 4 cents; the 1958 crop average price will probably top the 1956 record of 63.6 cents. The price support level for the 1958 burley crop is 55.4 cents



per pound. Deliveries for Government loans amounted to only about 2 percent of gross sales in the first 3 weeks of the season. Burley supplies are a little lower than last year due mostly to the small drop in carryover. This year's crop is only slightly below the 1957 production.

The Virginia fire-cured auction market opened on December 1 and through mid-December, prices averaged 38 cents per pound, compared with 39.2 cents in the comparable part of last season. Marketing of Kentucky-Tennessee fire-cured types begin in January.

The dark air-cured type, Green River, markets opened the first week of December and through mid-December, the average price received was 36.1 cents per pound compared with 35.2 cents in the early part of last season. Dark air-cured One Sucker markets began in the second week of December and early season prices averaged 37.3 cents per pound, compared with 35.8 cents a year earlier. The Virginia sun-cured market opened December 9 and the average price for early season sales was 38.2 cents per pound, compared with 34.3 cents a year earlier.

The 1958 production of fire-cured tobacco is about 8 percent below last year's outturn, and carryover is also appreciably lower. Total fire-cured supplies are 8 percent less than a year ago. The 1958-59 total supply of dark air and sun-cured tobacco is about 7 percent below 1957-58.

Marketing of the 1958 crop of flue-cured is completed, and the overall season average price at 57.7 cents per pound tops the previous record of 55.4 obtained last season.

The 1959 national flue-cured tobacco allotment has been set at practically the same level as for 1958. Farm allotments in nearly all instances will continue the same as in the past year. Growers of flue-cured voted December 15 overwhelmingly in favor of marketing quotas on their 1959, 1960 and 1961 crops.

The 1959 marketing quotas and acreage allotments for other kinds of tobacco will be announced by February 1. Soon after the quota announcements, growers of burley, Maryland, Virginia sun-cured and Pennsylvania filler will vote in separate referendums on whether they favor quotas on the next three crops. At least two-thirds of the growers voting must approve if quotas are to be in effect. Marketing quotas will be in effect for the 1959 crops of fire-cured, dark air-cured, Connecticut Valley binder and Ohio filler-Wisconsin binder since growers approved them in referendums held last February and in February 1957.

Latest indications are that consumption of cigarettes and cigars (including cigarillos) has continued to trend upward but use of packaged smoking tobacco has shown signs of leveling off after rising appreciably in the past year. Exports of unmanufactured tobacco in the first third of the 1958-59 fiscal year were 2 percent below those in the same period of 1957-58.

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